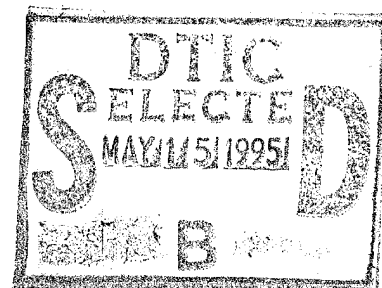
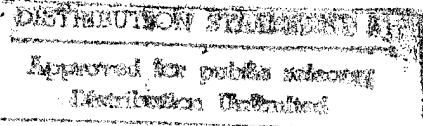


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One Hand Clapping: Systemic Change and U.S. Policy Toward Europe After the Cold War

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Abstract

ONE HAND CLAPPING

Systemic Change and U.S. Policy Toward Europe After the Cold War

by Timothy M. Savage

U.S. policy towards Europe remains a prisoner of the Cold War. Washington needs to revise fundamentally its perspective and approach to Europe to take into account basic changes in the international system, to address enduring and evolving U.S. national interests, and to redefine America's leadership role in the world.

Systemic changes coinciding with the end of the Cold War include:

- the end of polarity, of ideological conflict and of globalism;
- the decreasing salience of geopolitics and of military alliances;
- the emergence of regionalization; and
- the increasing importance of geo-economics.

U.S. interests in Europe have been dramatically transformed. Disjunctures in capabilities, in probability and in intentions undermine the proposition that Washington *really* needs to worry about the emergence of a hegemon on the Eurasian land mass. While U.S. security equities in Europe are now relatively low, owing to the success of Washington's postwar policies, America's economic stakes there have never been higher -- in part for the same reasons. Overarching U.S. goals now can best be served by the expansion and integration of the EU, giving it primacy over NATO as the framework for America's partnership with Europe.

The times call for adoption of a "limited-liability" security strategy, in which Washington gradually relinquishes its traditional leadership role in defending Europe. This might be accomplished by a deft switch in NATO and WEU structures and functions: the WEU coopting collective security and defense functions for Europe and the EU, respectively; NATO, less tightly net, concentrating on extra-regional missions. This would also help the U.S. engage the EU in addressing problems beyond Europe.

INTRODUCTION

The Cold War is over; the West won. In the process, as William Hyland has noted, "the American alliance with Europe achieved each of its basic aims: Europe is unified, eastern Europe is liberated and the military threat of the U.S.S.R. has ended."¹

The question now is: Where do we go from here?

Absent consensus behind an analysis and a design to succeed George Kennan's strategy of containment,² U.S. foreign policy does not simply risk being "shaped by the capricious flow of events," as many have noted.³ Less commented on is the fact that, vis-a-vis Europe, American policy remains in many respects a prisoner of the Cold War.⁴ The latter situation is as misguided and inappropriate as the former.

Ironically, after the fall of the Berlin Wall and the subsequent demise of the Soviet Union, Washington itself seems to have succumbed to a form of containment with respect to Europe: self-encapsulation within a policy framework that is more oriented towards aims already achieved than towards the new challenges emerging out of America's Cold War successes. The penchant to define the present period as "post-Cold War" is particularly indicative of this mindset -- a perspective which, political rhetoric about a "new world order" and "enlargement and engagement" notwithstanding, fails to grasp the true significance of the end of the Cold War. Czech President Vaclav Havel debunked this perspective when he took strong exception to the "post-communist" and "former Warsaw Pact" monikers often used to describe his country. In Havel's view, such formulations reflect "the unwitting nostalgia in the West

for the old order" as well as "an inability to comprehend the essence of the new situation, and a lack of imagination and courage in the search for new solutions commensurate with the new circumstances."⁵

The "post-Cold War" mindset has been sustained in large measure by:

(a) the absence of a clearly identifiable ideological, political and military challenge succeeding, in both scope and intensity, that which the Soviet Union personified during the Cold War, and (b) the deliberate (and, in my view, wise) decision by the West not to claim -- and thus not to celebrate and/or dictate the terms of -- victory over Moscow in the Cold War. As such, the end of the Cold War is acknowledged, but a new beginning has not yet been defined. In these circumstances, business-as-usual by default remains the agenda of the day.

In the wake of the Cold War, the United States needs to re-examine its policies toward Europe, as well as towards the world at large. A "bottom-up review" is called for, extending beyond the military realm⁶ to encompass a grand strategy that:

- takes into account far-reaching changes in the international system,
- identifies evolving, as well as enduring, U.S. interests, and
- articulates America's goals -- and thus our role -- in the world.

This paper is offered as a contribution to the much needed debate about such a grand strategy.⁷ Given the central importance Europe has historically played in U.S. foreign policy, and particularly its pivotal role in the Cold War, attention is focused on that region.

As used here, "Europe" is a self-defining concept. It is synonymous with the

emerging European Union (EU), i.e., the current fifteen states which comprise it *plus* the EU's prospective members, stretching from the Baltics to (perhaps) the Balkans. As such, it adopts the perspective that the EU "is the new reality upon which the future of transatlantic relations will have to be built."⁸ Russia, Ukraine and the other Newly Independent States of the former Soviet Union (NIS), as well as Turkey, are -- like the United States -- "in, but not of, Europe," since none is a likely candidate for full EU membership in the foreseeable future.⁹

ITS A NEW WORLD -- ALL OVER AGAIN

We live in a vastly different world from that which led to the adoption of the strategy of containment as America's compass in foreign affairs. Looking back on the first half of the 20th century at its mid-point, the authors of NSC-68 noted: "During the span of one generation, the international distribution of power has been fundamentally altered."¹⁰ To buttress this point, Paul Nitze and his colleagues noted that during the previous 35 years the world had witnessed two global wars, two revolutions, the collapse of five empires, and the drastic decline of two major imperial systems. But the changes that disturbed them were not primarily these realignments of the deck chairs. Rather, NSC-68 flagged two accompanying developments that for its authors augured a potentially ominous transformation of international affairs. Both were novel phenomena. The first was the "polarization of power," i.e., the emergence of a bipolar system around Moscow and Washington. The second was the "underlying conflict in the realm of ideas and values," i.e., the ideological nature of the contest "between U.S. purpose and Kremlin design."¹¹

The end of the Cold War has, in a sense, turned back the clock to more "normal" times. Neither bipolarity nor ideological conflict is a hallmark of the current period. Yet the world has not gone "back to the future," as some analysts have predicted.¹² Indeed, the international system -- at least that portion encompassing the old "First and Second Worlds" -- has fundamentally changed in at least seven respects. These changes are at least as far-reaching in their implications for relations among developed states -- particularly those of the "First World," and thus for U.S. policy towards Europe -- as those identified at the outset of the Cold War.

End of Polarity: The first and most obvious change in wake of the Cold War, as noted, is that bipolarity has vanished, along with the former Soviet Union. There remains, however, intense debate about what has taken its place. Competing theoretical models and historical analogies have been advanced.¹³ However, given the magnitude of the change coincident with the end the Cold War -- necessitating, as this paper argues, a paradigm shift to understand the "new world order"¹⁴ -- some analysts wisely suggest that we:

be wary of the prison of old concepts. The world order after the Cold War is sui generis, and we overly constrain our understanding by trying to force it into the procrustean bed of traditional metaphors with their mechanical polarities.¹⁵

Elaborating on this theme, Robert Jervis and others have pointed out that, although the Soviet Union clearly was the loser of the Cold War, neither the U.S., nor the West collectively, nor any other country or coalition has acted like the winner, "ready to move into the power vacuum and structure a new set of rules to guide international behavior."¹⁶ Reflecting on the general nature of relations among states

following the Cold War, Jervis pronounces the "configuration is so odd that we cannot easily determine the system's polarity."¹⁷

This is because "polarity" no longer functions in the international system -- at least not at the global level. The term itself is very much a construct of the Cold War, bound up with ideology and the attraction (or repulsion) of competing and mutually exclusive ideas and values. As a defining attribute of the structure of the international system, it is thus not surprising that "polarity" -- and not just "bipolarity"¹⁸ -- should vanish with the passing of the Cold War. The end of polarity is a manifestation of two other transformations in the international system: the end of ideological conflict on a global scale (as noted, the other salient feature of the Cold War highlighted by NSC-68); and the end of globalism itself.

End of Ideological Conflict: While Francis Fukuyama may have been premature in declaring "the end of history,"¹⁹ the end of the Cold War, if nothing else, marks the victory of liberal democratic capitalism over authoritarian communism.²⁰ With basic agreement in the developed world on what constitutes "legitimacy," ideology -- now unchallenged -- paradoxically has lost its dynamic force as a variable in the international system. In place of competing ideologies, "a far greater pragmatism" is emerging as the guiding force of foreign policies.²¹ This is manifest, for example, in enhanced nationalistic sentiment and increased emphasis on national interests, phenomena that, in turn, reflect the "domestication" of foreign policy.²² Indeed, like politics itself, foreign policy is increasingly local.

In tandem with the end of polarity, this development has potentially far-reaching

implications, not least for U.S. relations with Europe. First, given the "ideological nature of American internationalism," the end of the Cold War "has deprived the United States of the moral underpinnings that guided its policies for the past half-century."²³ This is likely to prompt further reflection on (if a not redefinition of) the U.S. role in Europe and in the world at large. Second, if there is validity in the argument that liberal democracies tend not to go to war with each other,²⁴ the West's victory in the Cold War and the end of the long ideological struggle are doubly encouraging. But the prospects of peace among Europe's new and established democracies on a united continent likewise raises the question of the role of outsider America in Europe. Third, as Owen Harries has argued, the end of the Cold War and the disappearance of "the East" draws into question the very premise "that 'the West' continues to exist as a political and military entity."²⁵ One hand clapping makes no noise, even if it is the hand of the victor.

End of Globalism: Similar "one-hand-clapping" logic leads to the conclusion that globalism also has lost its primacy as an organizing principle of international relations. The demise of the Soviet Union as a full-fledged superpower -- in the sense of a state possessing an array of world-class capabilities (i.e., military, economic as well as political) and world-wide interests -- suggests that the standard, Cold War -- i.e., global -- way of looking at the world is no longer predominant. With the United States left as the world's "sole remaining superpower" and with little likelihood of an opposing "superpower" emerging in the foreseeable future, questions which have been pivotal because of their relationship to the global contest for power are no longer

politically interesting or even deemed relevant. The dynamic defining the international system has shifted elsewhere, and our level of analysis²⁶ needs to shift with it.

Emergence of Regionalization: In place of the global power balance which characterized the Cold War, the "regionalization" of international relations has emerged as a fourth, defining characteristic of the new world order.²⁷ Individual regions in their own right have become the relevant stages on which international affairs are now played out. This is borne out most visibly in the economic sphere by the emergence of -- and momentum behind -- new or evolving regional arrangements, e.g., the EU, APEC, and NAFTA. It is also evident in the increased clustering of interactions on a regional basis.

Despite the conventional wisdom about the "globalization of the world economy," in Europe, East Asia and North America economic activity is assuming an increasingly regional character.²⁸ Intra-EC trade, for example, increased from approximately 35% of total EC imports and exports in 1958 to nearly 60% in 1990; in the latter year, intra-EC/EFTA trade accounted for almost three-fourths of all EC/EFTA imports and exports.²⁹ Although Europe is usually viewed as a world trader, the percentage of Europe's world exports and imports drops significantly when intra-regional trade is discounted: 1991 exports decline from 45% to 14%; imports drop from 43% to 11%.³⁰ A recent Economist survey also debunks the conventional wisdom that business is going global, noting that "the typical multinational...is becoming a regional" not a global firm, and that "foreign direct investment has a strongly regional flavour."³¹

In the security sphere the focus has also been "regionalized." In his preface to the Report on the Bottom-Up Review, for example, then Secretary of Defense Les Aspin notes: "First and foremost, the Bottom-Up Review provides the direction for shifting America's focus away from a strategy designed to meet a *global* Soviet threat to one oriented toward the new dangers of the post-Cold War era. Chief among the new dangers is that of aggression by *regional* powers."³² The "strategic" concerns of today's U.S. force planners have turned from fielding invulnerable ICBM's to ensuring "substantial investments in modern cargo aircraft and the sealift fleet, and in prepositioning more heavy equipment and supplies in regions where large scale threats may develop."³³

Geopolitics Is Dying . . . A fifth, distinguishing feature of the international system following the end of the Cold War is the decreasing salience of security questions in relations among the major powers and the growing irrelevance -- if not the end -- of geopolitics.³⁴ This observation obviously declines in validity as one proceeds along a spectrum from "First World" to "Third World" states, but holds most strongly for the United States.

As various analysts have pointed out, "for the first time in over half a century, no single great power, or coalition of powers, poses a 'clear and present danger' to the national security of the United States."³⁵ Robert J. Art, moreover, argues that "geopolitical imbalances...pose no threat to the United States",³⁶ and, indeed, that "nuclear weapons have severed the connection between America's security and the balance of power on the Eurasian landmass, and thereby invalidated traditional

geopolitical logic."³⁷ The negation of geopolitics by nuclear weapons, of course, is not a totally new phenomenon, nor is it one restricted in application only to the United States. It is a residual product of the Cold War.

But it is not just -- or even primarily -- the particular metaphysics of deterrence in its national, extended or even conventional (as some would argue) variations that has trumped the logic of geopolitics in the First, and increasingly in the Second, Worlds. The imperatives of the post-industrial age are eroding the static calculus of geopolitics, rendering the latter as anachronistic as the maps of MacKinder and Spykman. Stephen Van Evera describes the discontinuity: Where in the past a state could occupy a neighbor and "domesticate and milk" its smokestack economy, today's knowledge-based forms of production would "wither under such captivity." As a result, a "hegemon would gain far less military potential from its conquests than once was the case. Indeed, it might gain no power at all, or could even suffer a new power-loss." ³⁸ Jervis reinforces this point: "Most importantly for a consideration of the political relations among the developed countries, no one in any of these states believes that his or her country can grow richer by conquering any of the others than it can by trading with it, in part because the techniques of controlling an occupied country are not compatible with making a post-industrial economy function well."³⁹

In sum, war among the developed states has become extremely unlikely. The logic of geopolitics is no longer compelling owing to three basic changes:

- o The costs of war -- in every sense -- have significantly increased.
- o The gains have decreased and can be better achieved by other means.

- o The post-industrial age has altered the values of developed states.⁴⁰

The very success of containment, moreover, has deflated the salience of geopolitics, if not vitiated its logic. To paraphrase Van Evera: Geopolitics "assumes the existence of an opponent that could gain hegemony if unopposed."⁴¹ Following the Cold War, geopolitics could only operate if the United States opted to pursue a "unipolar," hegemonic policy. But this has been rejected.⁴² Regionalization is a symptom (and perhaps a cause) of the failure of a potential hegemon to emerge, as are the end of polarity and the abatement of ideological conflict on a global scale. This situation leads Fred Halliday to conclude: "The end of the Cold War has brought to an end a century or so in which relations between the great powers had been dominated by military conflict, or the threat thereof....For the first time since 1894, there is no major threat of great power war."⁴³

Alliances As Relics. . . This raises the question: With the Cold War over, are military alliances -- NATO, in particular -- also anachronistic? Although the jury is still out, a sixth, defining feature of the evolving international system arguably is that the permanency and centrality of alliances are indeed relics of the Cold War.⁴⁴

It is instructive to recall that the Cold War, with its focus on security issues from a bipolar perspective, was defined as much as by alliances as by nuclear weapons. In his classic study, Alan Ned Sabrosky has argued: "The need for alliances (formal and informal alike) was implicit in the doctrine of containment" -- a point which Washington's evident "pactomania" during the initial stages of the Cold War tends to reinforce.⁴⁵ And, of course, it was only the unique circumstances of the Cold War, as

articulated in NSC-68, that reversed U.S. observance of George Washington's injunction against entangling alliances and prompted founding of the Western Alliance.

While both are artifacts of the Cold War, nuclear weapons and alliances differ in that only one of the two cannot be "uninvented." This helps explain why the former will continue to exist long after the end of the Cold War, but not why the latter should. The demise of the Warsaw Pact, of course, puts the spotlight on NATO. If "one-hand-clapping" logic helps explain the passing of features of the international system strongly associated with Cold War, is it not also bound to significantly affect the Atlantic Alliance?

Donald Snow notes that "a military alliance requires both a workable strategic concept that defines the probable dangers and the means to deal with them."⁴⁶ Like others, Snow questions whether NATO -- absent a "Feindbild" (enemy) -- can define a plausible, new strategic concept and concludes:

Some of the old structures linger because they are large and they came with no disassembly instructions. Yet, even among those who defend the continuation of Cold War instruments such as NATO, the old justifications have simply vanished with stunning speed.⁴⁷

Eschewing wishful thinking, former Defense Secretary James Schlesinger has echoed this view saying: "The great mission for NATO is largely gone."⁴⁸

Senator Richard Lugar implicitly agrees when he argues: "The status quo is neither desirable nor sustainable ." He adds a "bicycle theory" perspective, i.e., that "the choice is not between the current NATO and a new NATO, but rather between a new NATO and no NATO."⁴⁹ In doing so, however, Lugar says that not just a new

raison d'être for NATO must be found, but also a new modus operandi. He suggests that collective security -- rather than collective defense, the defining element of an alliance -- become the operating principle. Thus, in the final analysis, Snow, Schlesinger and Lugar agree that, with the Cold War over, existing alliances are not sustainable and must at least be fundamentally transformed in order to save them. Even NATO is aware that it must radically reinvent itself if it is to remain relevant.⁵⁰

. . . Long Live Geo-Economics!⁵¹ A seventh, and perhaps the most significant, characteristic of the emerging international system is the increasing salience of economics in defining the foreign affairs agenda. William Hyland underscored this when he recently wrote: "The gatherings of the Group of Seven industrialized nations are a more accurate reflection of contemporary power realities than, say, a NATO meeting or an East-West summit."⁵²

During the Cold War, military considerations and capabilities clearly lay at the center of the strategies of both Moscow and Washington. All other factors were secondary to, if not supportive of, defense objectives. For example, analysts generally agree: "Most U.S. global economic initiatives, especially those attempting to create systemic structures in the early postwar years, were primarily motivated by security concerns."⁵³ The same was true of Soviet policy.

Overriding security objectives also worked to blunt economic frictions within the respective camps. For its part, the United States seldom employed its security leverage directly in pursuit of its economic interests. If anything, Washington significantly tempered its liberal, free trade perspectives to ensure Western solidarity,

as evidenced particularly in the GATT rounds of the 1950's and 1960's and American support for the nascent European Community.⁵⁴ U.S. allies, most particularly West Germany, acted in a similar fashion, creating a situation in which economic and security issues were effectively compartmentalized, with priority going to the former.⁵⁵

With the Cold War over, this distinction between "high" and "low" politics has lost much of its inherent validity. As U.S. Special Trade Representative Mickey Kantor has noted, one of the "new realities" is that the "end of the Cold War means our domestic and economic priorities are no longer subordinated to foreign policy priorities -- they now work in tandem."⁵⁶ In addition, the decreasing utility of military power as an instrument of state policy, as discussed above, has augmented the role of economic considerations in international affairs.⁵⁷ But more importantly, economics has achieved greater salience because national welfare -- most especially that of the major powers -- is increasingly being affected by international economic developments and trends.

For the United States, trade (imports and exports) is now equivalent to over one-quarter of the GDP, up from less than 10% in 1965.⁵⁸ In 1992, over 7 million Americans owed their jobs to merchandise exports; an additional 3.5 million workers owed their jobs to services exports.⁵⁹ Imported component parts and raw materials, moreover, are essential for many domestic industries and the jobs they sustain. Trade also effects those American producers who neither import nor export, but interact with firms that do. According to the Council of Economic Advisers, when such indirect effects are included, trade accounted for nearly four-fifths of the increase in domestic

production of manufactures between 1987 and 1992.⁶⁰ Thus, it is not surprising that senior U.S. officials now declare that "international trade is increasingly vital to American prosperity"⁶¹ and has become "the primary avenue to new growth and the creation of jobs."⁶²

International finance also increasingly defines America's current and future national well-being.⁶³ Without foreign funds, U.S. interest rates would be higher, domestic investment would be lower, and economic growth would proceed at a slower pace. The U.S. current account deficit, which mushroomed in the 1980's and early 1990's to \$108 billion in 1994, is the most commonly cited symptom of chronic dependence on foreign capital to sustain the American standard of living.⁶⁴ But there are other indications that America's economic welfare is now inextricably linked with the international financial system. In 1992, foreign investment in the U.S. amounted to over \$2.7 trillion, up from \$107 billion in 1970; at the same time, American firms have invested a fifth of their capital overseas and in 1992 owned a quarter of the world's foreign direct investment stock.⁶⁵ Moreover, there is apparently synergy between international trade and finance, suggesting that the trends noted here probably will continue, if not accelerate. A number of recent studies, for example, conclude that foreign direct investment is more likely to create trade than to reduce it.⁶⁶

But perhaps most significantly, the U.S. economy -- like other "mature" economies -- appears to have become so embedded in the four-to-five-times larger world economy that traditional national policy instruments (e.g., monetary policy and exchange-rate interventions) have been weakened to the point that they no longer

produce the response they had in the past. As C. Fred Bergsten observed in 1992: "The United States thus enters the decade without the usual policy tools to promote domestic demand and will have to rely on foreign markets well into the 1990s."⁶⁷

In sum, international economics -- including its technological, environmental and energy aspects not taken up here -- has emerged as a central, *domestic* security issue. This is not only true for the United States. As various studies confirm, the world's other major powers are even more significantly affected by the dynamics of the international economy than the United States.⁶⁸

U.S. INTERESTS AND EUROPE

The end of the Cold War and the seven systemic changes outlined above argue strongly for a reappraisal of U.S. interests vis-a-vis Europe. Europe itself is a very different place from what it was only a few years ago -- and it is still evolving. The Old World is, as Europeans tend to say, again an object rather than the subject of international politics. Rather than the "prize" around which the Cold War superpowers' struggle centered, Europe is today defined by German unification, EU integration, and political and economic reform in Eastern Europe. All three developments were central goals -- and major achievements -- of postwar U.S. policy. Now, however, all three are essentially internal European developments.

What then are U.S. interests in Europe, and how should they be pursued?

Security Interests: The central premise of U.S. policy towards Europe for the last fifty years has been that it is "essential ... that no single Continental land power should come to dominate the entire Eurasian land mass."⁶⁹ This notion, which holds

that America's survival is intrinsically bound up with Europe's security, defined postwar U.S. interest and engagement in the region.

This premise, however, is false today -- and probably never was entirely valid.

The idea was popularized by George Kennan in the late 1940's, in conjunction with his containment strategy. It has been cited by Presidents and Secretaries of State ever since -- even after the end of the Cold War⁷⁰ -- as a basic tenet of American foreign policy, on a par with the Monroe Doctrine.⁷¹ Its roots go back to the geopolitical theories of Sir Halford MacKinder and his American follower, Nicholas Spykman.⁷² The idea rests on the argument that a hegemon controlling the Eurasia "heartland" would possess resources and an industrial base capable of outstripping "rimland" states, like the U.S., and, eventually, could defeat America -- militarily or, alternatively, by means of an economic blockade.

While a politically appealing argument both during and after World War II, there has always existed a question as to whether a heartland hegemon could in reality pose a conventional-military or economic threat to U.S. survival. Even Spykman had strong doubts.⁷³ The protection afforded, inter alia, by the Atlantic and Pacific oceans, after all, was -- and still is -- not insignificant.

Today, following the end of the Cold War, the implausibility of the MacKinder-Kennan thesis is even more pronounced. Only nuclear weapons threaten the physical survival of the United States. A new Eurasian conventional military force, supported by the industrialized might of the double continent, cannot. But, more to the point, even *if* a hegemon could threaten U.S. survival, in the foreseeable future it remains

inconceivable that a single power *will* come to dominate the Eurasian land mass. In the western half of Eurasia, Russia's defeat and exhaustion after the Cold War would seem to leave the EU as the only candidate for becoming the hypothetical hegemon. But it is extremely difficult to imagine: (a) that the EU would ever aspire to such a position, which, inter alia, means absorbing Russia, Ukraine, etc.; or (b) if it did, that Washington would view a democratic Europe, which it helped to unite, as a threat to American survival.

In sum, disjunctures in capabilities, in probability and in intentions -- made all the clearer by the end of the Cold War -- seriously undermine the geopolitical proposition that Washington *really* needs to worry about the emergence of a single hegemon on the Eurasian land mass. This reality, in part, lay behind Secretary of State Warren Christopher's statement in late 1993 that Europe was "no longer the dominant area of the world."⁷⁴ The heartland is now the United States.

By the same token, as Van Evera has argued, since "America's sovereignty cannot be threatened by events in Europe," then "America's European commitment can no longer be justified by the national security concerns" advanced in the past.⁷⁵ Paradoxically, the only military threats to U.S. security now emanating from Europe are those self-inflicted, potential risks derived from NATO treaty obligations that require the U.S. to come to the defense of the transatlantic allies. William Maynes notes that pushed to its extreme this line of reasoning leads to the conclusion: "A foreign policy based strictly on national interests would permit a sweeping retrenchment of the American presence in the world. With the Cold War over, no

nation threatens American survival in any direct way."⁷⁶

While official policy pronouncements have yet to approach this cross-roads, let alone to turn the corner, defense planning in important respects is already consciously or unconsciously heading in this general direction. The trend is illustrated by:

- (a) the Pentagon's "base force" concept -- a posture adopted in the early 1990's which combines retrenchment with an emphasis on power projection;
- (b) the scale of the U.S. reductions in Europe -- a 70% decline in active duty forces, which is more than twice the size of the total U.S. force drawdown;⁷⁷
- (c) the proportionately far greater withdrawal from Europe than from other regions -- e.g., the more modest 25% reduction in East Asia⁷⁸ and the 400% increase in forces in the Persian Gulf region compared to the situation before the war;⁷⁹
- (d) the purposeful tailoring of NATO-earmarked forces to fulfill more likely CENTCOM missions -- highlighted by expanding "the concept 'across the Atlantic' to include Europe, South-west Asia and the Middle East;"⁸⁰ and
- (e) the Clinton Administration's "two major regional conflicts" strategy -- an approach geared towards non-European contingencies, notably the Persian Gulf and Korea.⁸¹

Economic Interests: While U.S. security equities in Europe are now relatively low -- owing to the very success of Washington's postwar policies -- America's economic stakes in Europe have never been higher, in part for the same reasons. When all economic activities are considered, the U.S.-EU partnership is now over a \$1 trillion relationship.⁸²

After Canada, Europe is America's best customer. Not only does the EU take

between one-fifth and one-quarter of all U.S. merchandise exports, but America's trade with the EU has been consistently balanced -- with slight surpluses in three of the last six years, according to the IMF, and slight deficits in the other three years.⁸³ In 1994, two-way merchandise trade totaled \$226.2 billion, up from \$175 billion six years earlier. (For purpose of comparison, in 1994 U.S. two-way trade with Canada, Japan, China and the Asian NIC's was, respectively, \$240.8 billion, \$173.2 billion, \$48.4 billion and \$130.9 billion.⁸⁴) Moreover, sales by U.S. multinational firms in Europe amount to some six times U.S. exports to the EU -- approximately \$620 billion in 1988.⁸⁵ Subsidiaries of EU companies in the U.S., on the other hand, have created an estimated three million American jobs; another 2.3 million U.S. jobs are linked to exports to the EU.⁸⁶

As the figures on multinational sales imply, U.S. direct investments in Europe are also significant. From \$74.3 billion in 1982, U.S. direct investment in European Community states increased to \$172.9 billion by 1990. (For purposes of comparison, U.S. direct investment in Latin America was \$72.5 billion in 1990, and \$63.3 billion in Asia and the Pacific.⁸⁷) In 1992, U.S. direct investment in the EU stood at \$201 billion, about 42% of the total.⁸⁸ European direct investment is even more extensive, amounting to more than half of the \$517 billion in total foreign direct investment in the U.S. in 1993.⁸⁹

While very much a mutually beneficial "two-way street," U.S.-EU trade can also be a two-edged sword. Euro-American wrangling has characterized each GATT negotiation since the Dillon Round 35 years ago. The increasing importance of

exports as a factor in national economic welfare, as noted earlier, has elevated trade on the foreign relations agenda. As expanding volumes of trade give more domestic interests a higher stake in trade policies, the resulting "increased politicization of trade policies," as one European analysts argues, "can be expected to complicate and occasionally disrupt transatlantic relations in the 1990s."⁹⁰ Likewise, the growing ties between the United States and Europe forged by the increased flows of direct investment across the Atlantic in both directions are so intense that a Congressional Research Service analyst has opined that they "are challenging traditional concepts of sovereignty, market concentration, and the role of the government in the market."⁹¹

U.S. portfolio investments in Europe far outstrip American holdings of stocks and bonds from other regions of the world. Americans held \$210 billion of West European securities in 1993, up sharply from \$134 billion the previous year -- and more than double the amount invested in neighboring Canada.⁹² For their part, West Europeans invariably turn to the U.S. market when making foreign portfolio investments. As one recent study noted: "European purchases of American firms helped fuel the takeover frenzy and the soaring stock markets of the 1980s."⁹³ Holdings of U.S. securities (excluding U.S. Treasury securities for which figures were not available by area) amounted to \$417 billion in 1993 -- four times greater than Japanese portfolio investment in the United States and six times greater than Canadian investment in U.S. stocks and bonds.⁹⁴

As the sharp rise in U.S. portfolio investments in Europe in 1993 illustrates, stocks and bonds (and European holdings of Treasury certificates), owing to their

inherent liquidity, can be very volatile. When this is coupled with their absolute size, foreign investments become not only infusions of capital, but also potential transmission belts of external influence and potential instability.

Given the multiple U.S.-EU trade and investment linkages, sharp variations in short-term economic circumstances inevitably provoke differences of view on macroeconomic questions, which, in turn, can spill over into other areas. A recent study has shown that "severe transatlantic tensions arose during previous periods of sharp divergences (in U.S. and EU short-term economic performance as measure by seven key variables) during the Nixon and Reagan Presidencies."⁹⁵ And, as the recent Uruguay Round of the GATT again demonstrated, Euro-American economic differences can also have potentially significant repercussions far beyond the transatlantic region. This is because together the U.S. and the EU account for 30% of world trade and 60% of world GDP.

Political Interests: Throughout the postwar era, United States policy sought two central goals vis-a-vis Europe: Western European unity and the liberation of Eastern Europe. The first sought to overcome, through the process of integration, historical animosities that had plunged Europe into two disastrous wars during the first half of the century -- wars that inevitably drew in the U.S. The second, rooted in the overarching struggle with Moscow, domestic ethnic linkages with Eastern Europe, and the specter of Yalta, sought to overcome the artificial division of Europe.

With the end of the Cold War, Washington heralded the achievement of its two basic goals for Europe. The "Declaration on U.S.-EC Relations" of November 20,

1990, in many ways symbolized formal recognition of the irreversibility of the EU integrative process. In even more dramatic fashion, the revolutions of 1989 -- and the free elections that followed in 1990 -- mark the "return to Europe" of the other half of the Old World. Together, the two developments laid the foundations for a new American partnership with Europe -- a Europe "whole and free."

Overarching U.S. goals vis-a-vis Europe following the Cold War are basically threefold: a continent that is (a) free from domination by any power hostile to the United States; (b) open to American businessmen and investors; and (c) willing and able to cooperate on a range of global issues.⁹⁶ These aims tacitly reaffirm the continuing viability of the postwar U.S. goal with regard to Western Europe -- i.e., unification -- but now extend it to the entire continent and highlight the fact that "America's national interests ... have shifted sharply in the direction of economics."⁹⁷

For Washington, these goals can best be served by the expansion and integration of the EU. The reasons are manifold, but -- as the Economist argues -- may be summarized in two words: convenience and burdensharing.⁹⁸ First, it is clearly easier for the U.S. to deal with one interlocutor rather than 15 -- or 21, or more. Second, a strong and confident Europe makes a better partner than a weak and divided one. Third, an integrated Europe promises continued stability in the Old World; indeed, as President Clinton has declared: "the new security must be found in integration."⁹⁹ Fourth, an enlarging Europe perforce raises the EU's horizons and the requirement for it to shoulder greater responsibilities. As one observer has noted, the revolutions in Eastern Europe "increased the interest of even the most tight-fisted

Europeans in the prospect of global growth"¹⁰⁰ -- an important change in policy perspective that advances Washington's agenda regarding international policy coordination. Fifth, and most important, a united Europe provides the U.S. with "a European partner it will need to fulfill the global responsibilities"¹⁰¹ that Washington cannot, should not and will not meet on its own.

Why not pursue U.S. interests in Europe via the traditional, NATO channel -- rather than the EU -- as many in Washington continue to advocate? The reasons are at least three-fold and inter-related. First, as a recent CSIS policy analysis bluntly notes: "The security rationale that was the basis of the transatlantic partnership has come to an end."¹⁰² Second, as a RAND analyst has pointed out, the Europeans have opted for the EU model; thus, "(w)hat remains of the transatlantic relationship will need to adapt to it."¹⁰³ Third, as noted in the earlier discussion of alliances and systemic change after the Cold War, "the rationale for maintaining American leadership and the American military presence in Western Europe is far less powerful than the past."¹⁰⁴

There continue to be understandable reservations against accepting the EU, rather than NATO, as the framework for America's partnership with Europe.¹⁰⁵ The danger that the single European market will involve protectionism or other forms of regional economic nationalism haunts Washington's thinking about the EU. There is, moreover, a fear that with the removal of the security glue from the transatlantic relationship, economic strains are more likely to result in fracture. Washington policymakers also have concerns that the relative decline of U.S. influence in Europe will be viewed as a sign of the decline of the U.S. globally. Finally, there is the

argument that the United States' position in Europe provides the last buffer against the revival of insularity -- if not American isolationism.

All these are valid and legitimate concerns. Yet, with the Cold War over, there exists an inherent contradiction between U.S. support for European political and economic unity and a preference for a security structure for Europe in which Washington retains pride of place. In the final analysis, the reality -- as opposed to the wish -- is, as William Hyland has observed, that "a selective disengagement by both sides of the Atlantic has already begun."¹⁰⁶

Rather than resist the tides of transatlantic change -- and, as Henry Kissinger and others have underscored, "in the years ahead, all the traditional relationships will change"¹⁰⁷ -- Washington needs to tailor a new approach and strategy that addresses its evolving interests in Europe and the world at large after victory in the Cold War. This means adapting policies to institutions that best embody the nature of American priorities and that also reflect the emerging realities of the world following the Cold War. Before becoming Under Secretary of State, Peter Tarnoff made a similar point when he wrote:

We should remember that it was the ultimate intention of those founders ... of World War II alliance systems not to perpetuate the hegemony of the U.S., but to defend against threats of external aggression while constructing a family of free and prosperous nations whose accomplishment would, over time, serve as models for the rest of the world. *These goals have been achieved, and it is time to build new forms of cooperation for a world transformed.*¹⁰⁸

CONCLUSIONS

If it is true, as this paper has argued, that "the end of the Cold War international

system undercuts our basic mechanism for understanding international realities and the policies we have fashioned to deal with those realities,"¹⁰⁹ what guideposts should steer us into the 21st century? Against the backdrop of what John Lewis Gaddis has termed "tectonic" shifts in the international system and the review of evolving American interests vis-a-vis Europe, what conclusions can one draw regarding U.S. policy towards the Old World and America's role in the new world order following the Cold War?

1. The U.S. position in the world has been dramatically transformed -- with major implications for its relationship with Europe. The United States is the sole global power in a regionalized international system. It is the only state with global interests and a global reach -- politically, economically and militarily -- in a world composed of increasingly dynamic and regionally oriented major powers. The measure of power itself has also changed. "Economic vitality has become as important an element of national power as military strength,"¹¹⁰ and it is increasingly clustered on a regional basis. Three points flowing from this situation are particularly relevant when considering Washington's policy options.

1.1. Declinist arguments notwithstanding, America is more preponderant than it was a decade ago. At the same time, "power" has become more diffuse and amorphous. Thus, paradoxically, Washington's ability to effectively exercise power to shape developments -- except at the margin -- has decreased. This would seem to argue for more selectivity in America's commitments and for greater pragmatism -- pragmatism geared towards more closely relating general foreign policy initiatives to

specific national (particularly economic) interests. Such an approach is reinforced, on the one hand, by the absence of a driving ideological element that in the past has popularized, legitimized and sustained extended U.S. international undertakings and, on the other, by the increasing domestication of America's national security strategy.

1.2. At the same time, as Josef Joffe has observed, "only the United States has learned to identify its own well-being with global order beyond its borders."¹¹¹ The end of the Cold War has removed the nuclear sword of Damocles from above the U.S. heartland. Now, for the first time in at least half a century, America's survival is not threatened, its fundamental values are unchallenged, and its interests abroad are widely acknowledged, if not always fully respected. Yet, paradoxically, in 1995 with its security more secure than ever, the United States will spend nearly as much on defense as the rest of the world combined -- four times more than any other nation.¹¹² This would seem to confirm the judgement that "(t)oday, America's insecurity is the self-inflicted consequence of a foreign policy that equates national interests with the maintenance of world order."¹¹³

1.3. The preceding two points about America's position in the world serve to underscore a recent observation by Henry Kissinger: "What is new about the emerging world order is that, for the first time, the United States can neither withdraw from the world nor dominate it."¹¹⁴ This situation, Kissinger has argued, demands "a concept of national interest different from the two-power world of the Cold War -- more discriminating in its purpose, less cataclysmic in its strategy and, above all, more regional in its design."¹¹⁵

2. Kissinger's prescription closely resembles what Hugh De Santis has dubbed a "limited-liability strategy," i.e., rejection of the extremes of globalism and retrenchment and pursuit of U.S. interests "by an ad hoc approach to international affairs and by devolving primary security responsibilities to regional actors."¹¹⁶ De Santis reminds us that such a strategy is not totally new, having roots in an approach championed by Senator Robert Taft immediately after World War II, and later revived in the guise of the Nixon (Guam) Doctrine crafted by Kissinger. It would seem to be an idea whose time -- on the third go around -- has finally come. This is particularly so if "U.S. interests" are not viewed simply as national interests, but take account of America's "world order" perspective.¹¹⁷

3. Applied to Europe, this strategy stresses the primacy of the EU, rather than NATO, as the channel for U.S. engagement with Europe, reinforcing points already touched upon. Within NATO, it suggests that the U.S. gradually relinquish its traditional leadership role and assume increasingly a supportive position within the alliance. The Europeans would be encouraged to take on greater security responsibilities, concomitant with the EU's expanding economic and political role in Europe. But how might this be accomplished?

3.1. The transition process would obviously need to allow for incremental adjustments on both sides of the Atlantic. The end point -- perhaps before the end of the century, i.e., as the first Central and Eastern European states become full members of the EU -- would be a situation in which, in effect, the U.S. and France reverse their positions with respect to today's NATO: Paris becoming a full participant

in a common, integrated military structure; Washington remaining politically linked to the system assuring Europe's security, but disengaging somewhat from the day-to-day military activities ensuring its maintenance.

This end-state might best be achieved by a deft switch in the structures and functions of NATO and the Western European Union (WEU). The latter would coopt the North Atlantic Alliance's integrated military structure and base to perform a collective defense function for the EU and collective security function for Europe (i.e., EU-to-be). UK and French nuclear forces (or, perhaps, integrated WEU nuclear forces) would gradually replace permanently stationed U.S. theater nuclear forces in Europe, while the Eurocorps would eventually supercede NATO's integrated military structure. NATO, less tightly net, would focus primarily on extra-regional missions, geared toward threats to shared North American and European interests and organized in a common-joint-task-force fashion.¹¹⁸ One off-shoot of such a dual metamorphosis of NATO and the WEU -- and the inherently reduced role of the U.S. in European security affairs this implies -- might be to lessen Russian concern regarding NATO/WEU expansion.

3.2. In operational terms, this approach implies a further drawdown and redeployment of U.S. forces in Europe. While there is currently no pressure for withdrawal, the rationale for maintaining significant numbers of standing troops in Germany has vanished with the end of the Cold War. Indeed, there is the danger that such troops will eventually be viewed as pseudo-occupation forces, meant solely to reassure Germany's neighbors.¹¹⁹ Rather than bring all 100,000 U.S. troops in Europe

home, Washington might consider restationing up to half selectively throughout Central and Eastern Europe. These forces could be deployed and structured so as clearly not to pose an immediate threat to Russia or to other CIS states (e.g., an emphasis on combat service and combat service support functions). But, at the same time, they could provide further reassurance as well as practical assistance to former Warsaw Pact nations striving to join NATO. Enhanced U.S. access in Eastern Europe, moreover, could provide the additional benefit of potential support facilities for future U.S./transformed NATO contingencies in the Middle East and Southwest Asia.

3.3. This strategy -- by changing the nature of America's security engagement and commitment to Europe -- could set the stage for a more productive relationship with Russia and the CIS, accelerating their reintegration into the international community. Contrasting the treatment of Germany following defeats in World Wars I and II and the ensuing results, John Lewis Gaddis points out: "Solicitude for a defeated adversary...is not just a matter of charity or magnanimity; it also reflects the wise victor's calculated self-interest, as confirmed by repeated historical experience."¹²⁰ Thus, paradoxically, in present circumstances Washington might best enhance the security of Europe by lowering its profile in NATO and honing relations with Moscow and Kiev. At the same time, this approach could also realign and strength U.S. security ties with the other major Eurasian power -- Turkey.

4. Finally, U.S. concern for the global order should not only cause the U.S. to readjust its posture in Europe. Even more importantly, Washington will need to engage the EU in addressing economic and political problems beyond Europe. In an

increasingly regionalized world, the greatest danger for a global power would be for emerging blocs to self-encapsulate, leaving troubles beyond their immediate geographic sphere of interests for the U.S. to cope with. This is not only unacceptable, but is clearly unsustainable. Instead, Washington needs to help regional powers identify their own well-being with areas beyond their immediate horizons. This is especially true with respect to the EU.

Walter Russell Mead has observed that "real progress in the world" following the Cold War hangs on two developments:

- o economic progress in Eastern Europe to facilitate political reform; and
- o continued growth and development in Europe which strengthens -- not works against -- the overall integration of the global economy.¹²¹

EU involvement and expansion, more than anything, can and is helping to achieve the former; but there is a danger that it is coming at the expense of the latter.

While "neither Japan nor Western Europe can replace the United States as a systemic arbiter of economic disputes,"¹²² it is clear that Washington can no longer handle global economic problems alone. To avoid the danger of "regional drift," Washington, while encouraging EU integration and even initiating other regional blocs, needs to ensure that such arrangements complement the global order rather than provide a substitute for it. Under the circumstances, this means in many cases that the United States must function not as the traditional "balancer of power" but as the transmission belt between regions, to ensure that rigidities do not set in.

Endnotes:

1. William G. Hyland, "The Case for Pragmatism," Foreign Affairs, Vol. 71, No. 1 (Spring 1991), p. 46.
 2. "X" (George F. Kennan), "The Sources of Soviet Conduct," Foreign Affairs, Vol. 25, No. 2 (July 1947), pp. 566-582.
 3. James Schlesinger, "Quest for a Post-Cold War Foreign Policy," Foreign Affairs, Vol. 72, No. 1 (1993), p. 18. This same point is echoed by Charles William Maynes, "America with the Cold War," Foreign Policy, Issue 78 (Spring 1990), pp. 3-25, notably p. 5; Malcolm Wallop, "America Needs a Post-Containment Doctrine," Orbis, Vol. 37, No. 2 (Spring 1993), pp. 187-203; Theodore C. Sorensen, "Rethinking National Security," Foreign Affairs, Vol. 69, No. 3 (Summer 1990), pp 1-18, especially pp. 6-7; and C. Fred Bergsten, "The Primacy of Economics," Foreign Policy, Issue 87 (Summer 1992), pp 3-24, especially p. 3.
 4. Jonathan Clarke, "The Conceptual Poverty of U.S. Foreign Policy," Atlantic Monthly, September 1993, p. 54-66., cites critically the "Cold War time-warp" in which U.S. policy operates, while Richard Leaver, "How Certain Is the Future?," in Richard Leaver and James L. Richardson, ed., Chartering the Post-Cold War Order (Boulder, CO: Westview Press, 1993), p. 5, notes: "In this 'fog of peace,' it is all too easy -- but almost certainly misleading -- to simply continue working with Cold War assumptions."
- But the phenomenon is not confined to the policy realm. John Lewis Gaddis, The United States and the End of the Cold War: Implications, Reconsiderations, Provocations, (New York: Oxford University Press, 1992), p. 169, for example, observes: "International relations theory ... suggests surprisingly little about the post-Cold War world. Much of it is based on generalizations drawn from the Cold War itself; some theorists appear to have assumed (like some policy-makers) that the contest between Washington and Moscow would last forever, and therefore could be made to yield universally-applicable propositions." . See also John Lewis Gaddis, "International Relations Theory and the End of the Cold War," International Security, Vol. 17, No. 3 (Winter 1992/93), pp. 5-58.
5. Vaclav Havel, "A Call for Sacrifice: The Co-Responsibility of the West," Foreign Affairs, Vol. 73, No. 2 (March 1994), pp. 2 and 3.
 6. Les Aspin, Report on the Bottom-Up Review, (Washington, DC: Department of Defense, October 1993).

7. Unfortunately, as William Hyland points out, to date this debate "has been disappointing and risks degenerating into sloganeering;" moreover, it "automatically becomes less important and less urgent" with the end of the Cold War. Hyland, "The Case for Pragmatism," p. 40. Some analysts and policy-makers argue that the period following the Cold War calls for pragmatism and adaptability. See, for example, Stephen S. Rosenfeld, "An Administration Adjusting," Washington Post, October 21, 1994, p. A25. Former Secretary of State Lawrence Eagleburger also seems to share this view, suggesting that the best that can be hoped for is "pasted-together diplomacy" (see Clarke, "The Conceptual Poverty of U.S. Foreign Policy," p. 55).

8. Jean Francois-Poncet, "Toward a Directorate of Continents," in Henry Brandon, ed., In Search of a New World Order: The Future of U.S.-European Relations, (Washington, DC: The Brookings Institution, 1992), p. 61.

9. Inter alia, French Prime Minister Balladur spelled this distinction out clearly in an interview with the Polish journal Polityka when he noted: "Any hesitation with regard to the limits of European integration must be set aside. On our continent there exist two main groupings. One is the EU, which is expected to expand. The other is Russia and the CIS....(I)t is clear that EU is not going to extend to cover the whole of Europe -- in the geographical sense -- and is not going to let itself be melted in the pan-European movement; at any rate not in the foreseeable future." Foreign Broadcast Information Service, FBIS-WEU-94-128, 5 July 1994, p. 23.

10. NSC-68, dated 14 April 1950, text contained in S. Nelson Drew, ed., NSC-68: Forging the Strategy of Containment, (Washington,DC: National Defense University, 1994), p. 38.

11. Ibid, p. 40.

12. John J. Mearsheimer, "Back to the Future: Instability in Europe After the Cold War," International Security, Vol. 15, No. 1(Summer 1990), pp. 5-56.

13. Joseph S. Nye, Jr., Bound to Lead: The Changing Nature of American Power, (New York: Basic Books, 1990), pp. 233-237, for example, outlines "four visions of the future": bipolarity, multipolarity, regional blocs and polyarchy. Charles Krauthammer, "The Unipolar Moment," Foreign Affairs, Vol. 70, No. 1(1991), pp. 23-33, adds the idea of unipolarity. On historical analogies, see, for example, Gregory F. Treverton, "Europe's Past, Europe's Future: Finding an Analogy for Tomorrow," Orbis, Vol. 37, No. 1 (Winter 1993), pp. 1-20.

14. In the sense outlined in Thomas S. Kuhn, The Structure of Scientific Revolutions, second edition (Chicago: University of Chicago Press, 1970).

15. Joseph S. Nye, "What New World Order?, Foreign Affairs, Vol. 71, No. 2 (Spring 1992), p. 88. Robert Jervis, "The Future of World Politics: Will It Resemble the

Past?," World Politics, Vol. 16, No. 3, (Winter 1991/92), p. 41, makes an especially strong case that "the current world situation is unprecedented."

16. Ibid., p. 41. Fred Halliday, "The Cold War and Its Conclusion: Consequences for International Relations Theory," in Leaver and Richardson, ed., Charting the Post-Cold War Order, p.14 also makes this point, noting the unique situation in which "no bloc of states seems likely to emerge to match the United States, but where the United States itself appears reluctant to play the 'Roman' role which the collapse of the USSR has allotted to it."

17. Jervis, "The Future of World Politics," p. 41.

18. Polarity -- magnetic, ionic and political -- is, of course, by definition binary and thus only "bipolar."

19. Francis Fukuyama, The End of History and the Last Man, (New York: Avon Books, 1992).

20. Halliday, "The Cold War and Its Conclusion," p. 14, comes to a similar conclusion: "The argument of Fukuyama -- that what is new about the contemporary situation is that there is only one set of answers now acceptable on a world scale -- is to a considerable degree valid..." Nye, "What New World Order?," pp. 84-85, likewise makes this point, albeit in a more nuanced fashion: "This is no single competitor to liberal capitalism as an overarching ideology. Rather than the end of history, the post-Cold War world is witnessing a return of history in the diversity of international conflict. Liberal capitalism has many competitors, albeit fragmented ones. Examples include the indigenous neo-Maoism of Peru's Shining Path guerilla movement, the many variants of Islamic fundamentalism and the rise of ethnic nationalism."

21. Hyland, "The Case for Pragmatism," p. 45

22. Hugh De Santis, "Europe and Asia Without America," World Policy Journal, Vol. X, No. 3 (Fall 1993), p. 38.

23. Ibid., p.34. Other analysts have not only not only pointed to the ideological roots of America's Cold-War, international activism, but also speculate on the possible far-reaching, domestic repercussions of the end of the struggle against communism. See Bruce D. Porter, "Can American Democracy Survive," Commentary, Vol. 96, No. 5 (November 1993), pp. 37-40; Daniel Deudney and G. John Ikenberry, "After the Long War," Foreign Policy, Issue 94 (Spring 1994), pp. 21-35; Alan Tonelson, "Beyond Left and Right," National Interest, Vol. 34 (Winter 1993/94), pp. 3-18; and Aaron L. Friedberg, "The Future of American Power," Political Science Quarterly, Vol. 109, No. 1 (Spring 1994), pp. 1-22.

24. See Michael Doyle, "Kant, Liberal Legacies and Foreign Affairs," Part 1, Philosophy and Public Affairs, Vol. 12, No. 3 (Summer 1983), pp. 205-235; and Part 2, Philosophy and Public Affairs, Vol. 12, No. 4 (Fall 1983), pp. 323-353. Christopher Layne, "Kant or Cant: The Myth of the Democratic Peace," International Security, Vol. 19, No. 3 (Fall 1994), pp. 5-49, however, raises serious questions about the validity of the proposition that democracies do not go to war against each other, arguing that "realist" principles are more valid than the "democratic peace" theory in explaining the behavior of states.

25. Owen Harries, "The Collapse of 'The West,'" Foreign Affairs, Vol. 72, No. 4, (September 1993), p. 41. Jeffrey T. Bergner, The New Superpowers: Germany, Japan, the U.S. and the New World Order, (New York: St. Martin's Press, 1991), p. xx, makes the same point: "Indeed, it is no longer clear what 'the West' means. In the absence of an aggressive Soviet military and ideological threat 'the West' has ceased to be a meaningful term."

26. The significant of this shift may be greater than it appears at first glance. See, for example, the classic work on this issue, J. David Singer, "The Level-of-Analysis Problem in International Relations," in Klaus Eugen Knorr and Sidney Verba, ed., The International System: Theoretical Essays, (Princeton, NJ: Princeton University Press, 1961), pp. 77-92. Inter alia, Singer notes (p. 91) that "subtle but important differences...emerge when one's level of analysis shifts."

27. Earl C. Ravenal, "The Case for Adjustment," Foreign Policy, Issue 81 (Winter 1990-91), p. 3-19, observed even before the demise of the USSR that "the shape of the entire system -- as well as the conduct of individual members -- is moving beyond the determinative reach of either the United States or the Soviet Union. The age of the super powers is passing," adding that "the objective realities of the unfolding international system" were "the fragmentation and regionalization of power."

28. Samuel P. Huntington, "The Clash of Civilizations," Foreign Affairs, Vol. 72, No. 3 (Summer 1993), p. 27, for example, argues that "economic regionalism is increasing. The proportions of total trade that were intraregional rose between 1980 and 1989 from 52 percent to 59 percent in Europe, 33 percent to 37 percent in East Asia, and 32 percent to 36 percent in North America. The importance of regional economic blocs is likely to continue to increase in the future."

29. Graham F. Thompson, The Economic Emergence of a New Europe: The Political Economy of Cooperation and Competition in the 1990s, (Cambridge, UK: University Press, 1993), table 2.7 "The structure of trade by country and region in 1958 compared to 1990," p. 28. The European Commission's study on the effects of Europe 1992, moreover, predicted that imports from outside the EU would decline in almost every sector as a result of the removal of remaining trade barriers, according to C. Fred Bergsten, "The World Economy After the Cold War," Foreign Affairs, Vol. 69, No. 3 (Summer 1990), p. 100, citing Commission of the European Communities, "The

Economics of 1992," European Economy, March 1988, Table A-5, pp. 180-81.

For the EC and EFTA combined, European intra-regional trade amounted to 72% of total trade in 1990, up from 61% in 1963, according to Kym Anderson and Richard H. Snape, "European and American Regionalism: Effects on and Options for Asia," Journal of the Japanese and International Economies, Vol. 8 (1994), p. 458, Table 1, "Trade Shares and the Regionalization of World Merchandise Trade, 1963-1990." The table shows the trend in Asia in recent years is in the same regional-centered direction. Asian intra-regional trade rose from 43% in 1983 to 48% in 1990; while Japan's intra-regional trade with Asia rose from 31% of its total trade in 1983 to 35% in 1990. "Developing Asia's" intra-regional trade is down from the 63% of total trade recorded in 1963, but still amounts to a whopping 56% of its total trade in 1990.

Bruce Cumings, "The Wicked Witch of the West is Dead. Long Live the Wicked Witch of the East," in Michael J. Hogan, ed., The End of the Cold War: Its Meaning and Implications, (New York: Cambridge University Press, 1992), pp. 87-101, likewise points to economic regionalization in Asia, noting: "Japan seems to be hedging against its possible exclusion from the European Community after 1992 by building its position in East and Southeast Asia. Its direct investment in the region has grown six-fold since 1985, its trade with Taiwan tripled in the same period, and its manufactured imports from the Asia region as a whole more than doubled from 1985 to 1988..." (p. 96-97)

30. Michael Borrus, Steve Weber, and John Zysman, with Joseph Willihnganz, "Mercantilism and Global Security," The National Interest, Issue 29 (Fall 1992), p. 24. This article also highlights East Asian economic "regionalization," noting: (a) since 1985 trade within Asia has grown "substantially faster than between Asia and other regions;" (b) "The major source of imports for each Asian economy is usually another Asian economy;" and (c) "Financial ties further reinforce inter-Asian trends," with Japanese investment in Asia during the second half of the 1980's equalling the amount invested during the previous 33 years.

31. "The non-global firm," The Economist, March 27, 1993, p. 10.

The Economist (p. 12) lists six reason why multinational firms tend to regionalize rather than globalize:

- 1) Technological change has reduced the minimum efficient scale for most products and in many industries economies of scale are reached at a regional level, or even below.
- 2) Distance still matters, not so much in terms of transportation costs, but in terms of reliability of delivery, as firms put more emphasis on "just-in-time" production techniques.
- 3) For marketing, the media has become pan-regional rather than global since satellite television coverage is regional not worldwide.

- 4) As open markets have brought in new competition, so familiarity with customers and closeness have become more important and firms are likely to feel they can "cuddle close" to a buyer closer to home than one who is more distant.
- 5) Likewise, cultural familiarity makes staffing problems easier.
- 6) History is likely to mean that multinationals will already have respectable market shares in their own region.

With regard to direct investments, the survey (p. 12) notes: "Around each of Japan, America and the EC there is a cluster of countries in which inward flows of foreign investment are dominated by companies from the neighbouring zone. For American firms it is Central and South America; for Japanese firms it is a handful of Asian countries; and for West European ones it is Eastern Europe. There are some anomalies, generally for historical reasons -- European firms dominate flows into India, for instance -- but by and large the regional clusters hold true. This tendency towards regional development is what lies behind talk of regional trading blocks."

32. Aspin, Report on the Bottom Up Review, p. iii. Italics added.

33. Les Aspin, Annual Report to the President and to Congress, (Washington, DC: U.S. Government Printing Office, January 1994), p. 5.

34. James L. Richardson, "The End of Geopolitics?," in Leaver and Richardson, ed., Chartering the Post-Cold War Order, p. 40, notes: "A number of lines of thought now converge to suggest that the relationship among the major powers have entered an entirely new phase in which contrary to all past experience and to the logic of the anarchic international system as it has been generally understood, war is no longer an option for those powers in their relations with one another." Richardson adds: "The end of geopolitics, then -- taking this to mean the end of war among the leading powers and of arming themselves against one another -- is plausible as a projection of the next phase of international politics" (p. 42).

35. John Lewis Gaddis, "Toward the Post-Cold War World," Foreign Affairs, Vol. 70, No. 2 (Spring 1991), p. 102. See also Charles William Maynes, "America Without the Cold War," Foreign Policy, Issue 78 (Spring 1990), p. 9.

36. Robert J. Art, "A Defensible Defense: America's Grand Strategy After the Cold War," International Security, Vol. 15, No. 4 (Spring 1991), p. 24.

37. Ibid., p. 9.

38. Stephen Van Evera, "Why Europe Matters, Why the Third World Doesn't: American Grand Strategy After the Cold War," The Journal of Strategic Studies, Vol. 13, No. 2 (June 1990), p. 5.

39. Jervis, "The Future of World Politics," pp. 49-50.

40. Jervis, ibid., pp. 54-55, moreover, highlights four qualities of these changes which he believes makes them "irreversible":

"First, they are powerful determinants of behavior: compared to these factors, the influence of the polarity of the international system is slight."

"Second, the three kinds of changes interact and reinforce each other."

"Third, many of the changes in Western European politics and values were caused in part by the Cold War."

"Finally, these changes represent time's arrow: international politics among the developed nations will be qualitatively different from what history has made familiar."

41. Van Evera, "Why Europe Matters," p. 7.

42. Not all analysts agree with this conclusion. Christopher Layne and Benjamin Schwarz, "American Hegemony -- Without an Enemy," Foreign Policy, Issue 92 (Fall 1993), pp. 5-23, for example, maintain that since the end of World War II the U.S. has pursue a policy of preponderance, not containment, and that the end of the Cold War does not force a re-examination of America's role in the world since "the unspoken assumptions that have guided American policymakers since 1945 have not lost their potency" (p. 5).

Inter alia, Layne and Schwarz point to a draft of the Defense Planning Guidance: 1994-1999, prepared under the direction of Under Secretary of Defense for Policy Paul Wolfowitz, which reportedly spoke of "convincing potential competitors that they need not aspire to a greater role or pursue a more aggressive posture to protect their legitimate interests." (See Patrick E. Tyler, "Pentagon Drops Goal of Blocking New Superpowers," New York Times, May 24, 1992, pp. 1 and 14.). But one could just as easily have cited the comments attributed to Under Secretary of State for Political Affairs Peter Tarnoff on limiting the U.S. role overseas in making the opposite case (See Daniel M. Williams and John M. Goshko, "Reduced U.S. World Role Outlined but Soon Altered," Washington Post, May 26, 1993, pp. A1 and A24.). It seems fair to say that at home and abroad, the latter seems to evoke more concern --and to be taken more seriously -- than the former.

43. Halliday, "The Cold War and Its Conclusion," p. 26.

44. Henry Kissinger, "It's an Alliance, Not a Relic," Washington Post, August 16, 1994, p. A24.

45. Alan Ned Sabrosky, "Allies, Clients, and Encumbrances," International Security Review, Vol. 5., No. 2 (Summer 1980), pp. 118 and 131. Donald M. Snow, The Shape of the Future: The Post-Cold War World, (Armonk, NY: M.E. Sharpe, Inc.,

1991), p. 25, even argues that Article 51 of the UN Charter, in allowing for "collective defense, meaning defensive alliances,"..."formed the institutional basis for the Cold War."

46. Ibid., p. 170.

47. Ibid., p. 210.

48. James Schlesinger, "An American Assessment: 'Hands Across the Sea' Less Firmly Clashed," in Brandon, ed., In Search of a New World Order, p. 147. Schlesinger notes that "ultimately, the realities of the changed political and economic lines of force will outweigh all the immediate declamations of unswerving mutual loyalty, or of fidelity to institutions (like NATO), which shall remain undiminished despite the change in mission" (p. 140).

49. Senator Richard G. Lugar, "Viewpoint: Time for a New NATO with a New Mission," Aviation Week & Space Technology, August 30, 1993, p. 66, and "American Foreign Policy in the Post-Cold War Period," Presidential Studies Quarterly, Vol. 24, No. 1 (Winter 1994), pp. 15-27, where he goes on to argue: "If NATO is to survive then it must be transformed from an alliance for collective defense against a specific threat into an alliance in the service of shared values and common strategic interests" (p.26).

In a similar vein, John Lewis Gaddis, "The Cold War, the Long Peace, and the Future," in Hogan, ed., The End of the Cold War, p. 35, observes: "...institutions and practices rooted only in the Cold War are likely to find the post-Cold War environment inhospitable." Arthur J. Schlesinger, "Some Lessons from the Cold War," ibid., p.57, adds: "With the Cold War at last at an end, each side faces the problem of deconstructing entrenched Cold War agencies spawned and fortified by nearly half a century of mutually profitable competition."

50. For example, NATO's efforts to revise its strategy and military posture; to define its institutional relationship with the UN, the Organization for Security and Cooperation in Europe (OSCE) and particularly the Western European Union (WEU); and to take on new mandates such as the North Atlantic Cooperative Council (NACC) and the Partnership for Peace (PFP) program. Harries, "The Collapse of 'The West,'" p. 45, however, warns that "an effort to save NATO by finding a new role for it might end up having the effect of hastening the alliance's demise."

51. Edward N. Luttwak, "From Geopolitics to Geo-Economics," National Interest, Issue 20 (Summer 1990), pp.17-23.

52. Hyland, "The Case for Pragmatism," p. 44.

53. Bergsten, "The Primacy of Economics," p. 3

54. See, for example, Steve Dryden, Trade Warriors: USTR and the American Crusade for Free Trade, (New York: Oxford University Press, 1995).

55. John Lewis Gaddis, Tectonics, History, and the End of the Cold War, (Ohio University: Mershon Center Occasional Paper, 1992), p. 5, argues that the Cold War years produced a situation in which "the 500-year-old linkage between military and economic strengths as the path to predominance in world politics began to come apart." But rather than the subordination of economics to security consideration, he maintains that "(t)he reasons for this involve a juxtaposition of technology with ecology....The scale of violence had outstripped -- exponentially -- the scale of the area in which the violence was to be employed." (pp. 5-6)

56. Michael Kantor, 1994 Trade Policy Agenda and 1993 Annual Report of the President of the United States on the Trade Agreements Program, (Washington, DC: United States Trade Representative, U.S. Government Printing Office, 1994), p. 1. On another occasion, Kantor declared: "We will not subordinate our economic interests to foreign policy or defence concerns" (according to the Economist, 27 March 1993).

57. Snow, The Shape of the Future, p. 15.

58. Council of Economic Advisers, Economic Report of the President, (Washington, DC: U.S. Government Printing Office, February 1994), p. 207, Charter 6-1.

59. Office of the U.S. Trade Representative, Uruguay Round: Jobs for the United States, Growth for the World, 1994, p. 4. These jobs also are significantly higher paying. USTR argues that "wages in export-related jobs are 17 percent higher than the U.S. average wage." In an even more bullish article, Fortune, August 22, 1994, p. 130, argues that "the export boom may be nearly invisible to most Americans, but it has already begun to transform the U.S. economy for the better." Fortune reports that nearly all the growth in U.S. manufacturing jobs between 1986 and 1990 came from the rise in exports and that jobs supported by exports rose from 6.7 million in 1986 to 10.5 million in 1992. The same article cites a Department of Commerce study of more than 50,000 U.S. manufacturing plants between 1976 and 1987 which "found that exporters paid higher wages than nonexporters in the same industries -- anywhere from 10% to 24% more."

60. Council of Economic Advisers, Economic Report of the President, p. 207-208. The CEA goes on to state that between 1982 and 1987 the import content of U.S. exports increased by nearly a third to 14%, leading it to conclude that just as exports are becoming more important for the economy, so imports are becoming more important for U.S. exports.

61. Ibid., p. 208.

62. Michael Kantor, 1994 Trade Policy Agenda, p. 2

63. Paul Krugman, "Global Finance," The Age of Diminished Expectations: U.S Economic Policy in the 1990s, (Cambridge, MA: MIT Press, updated edition, 1994), pp. 185-202, for one, disagrees with this view and argues that global finance is "surprisingly irrelevant to our domestic problems" (p.202).
64. As Anne O. Krueger, "Free Trade Is the Best Policy," in Robert Z. Lawrence and Charles L. Schultze, ed., An American Trade Strategy: Options for the 1990s, (Washington, DC: The Brookings Institution, 1990), p. 80 notes: "The current account deficit is a macroeconomic phenomenon. It is incurred because of an excess of expenditures over output in the United States. Currently, private saving in the United States is not large enough to finance both domestic investment and the governmental fiscal deficit. Americans are therefore importing capital from abroad, in the form of the current account deficit, to finance additional investment."
65. Council of Economic Advisers, Economic Report of the President, p. 385. Table b-102 and p. 211; and Nye, Bound to Lead, p. 251.
66. Council of Economic Advisers, Economic Report of the President, p. 211.
67. Bergsten, "The Primacy of Economics," p. 5. Bergsten mentions monetary policy and cites "the meager response to repeated and substantial cuts in interest rates by the Federal Reserve" during early 1990's to support this thesis. The apparent lack of effect of the Fed's seven interest rate hikes between February 1994 and February 1995 may also be an illustration of this phenomenon.
68. See, for example, Irene Kyriakopoulos and Donald L. Losman, "Measures and Trends in International Economic Power," Journal of Social, Political and Economic Studies, Vol. 17, No. 2 (Summer 1992), pp. 215-243; and C.R. Neu and Charles Wolf, Jr., The Economic Dimensions of National Security, (Santa Monica, CA:RAND, 1994).
69. George Kennan, American Diplomacy 1900-1950, (New York: New American Library, 1951), p. 10.
70. Even in his most recent book Henry Kissinger, Diplomacy, (New York: Simon & Schuster, 1994), p. 813, argues: "The domination by a single power of either of Eurasia's two principal spheres -- Europe and Asia -- remains a good definition of strategic danger for America, Cold War or no Cold War."
71. One could probably make the case that this "Kennan Doctrine" is, in many respects, but an extension of the logic underlying the Monroe Doctrine to the Eurasian land mass.
72. John Lewis Gaddis, Strategies of Containment: A Critical Appraisal of Postwar American National Security Policy, (New York: Oxford University Press, 1982), p. 57,

and Art, "A Defensible Defense," pp. 15-17. Francis P. Sempa, "The Geopolitics of the Post-Cold War World," Strategic Review, (Winter 1992), pp. 9-18, argues that the idea goes back to the Founding Fathers and defends its continuing validity today.

73. See Art, "A Defensible Defense," p. 17, including footnote 28.

74. John Peterson, "Europe and America in the Clinton Era," Journal of Common Market Studies, Vol. 32, No. 3 (September 1994), p. 412, quoting the Economist, 30 October 1993, p. 14.

75. Van Evera, "Why Europe Matters," p. 8.

76. Maynes, "America Without the Cold War," p.9.

77. "U.S. Army in Germany Shrinking in Size While Growing in Duties," Washington Post, February 19, 1995, p. A44. Overall, active duty military personnel in Europe will decline from 336,000 in October 1989 to 100,000 personnel (i.e., by 70%), while total personnel (civilians and dependents) will be reduced from 819,000 to 275,000 during the same time period (i.e., by 66%).

78. Bradley Graham and Daniel Williams, "U.S. Reverses East Asia Withdrawal Plan: Troop Level to Stay at 100,000," Washington Post, February 28, 1995, p. A10. The article notes that U.S. troop levels in the East Asian and European theaters will be roughly equal and goes on to highlight the fact that "the drawdown in Europe, where more than 400,000 soldiers were stationed, has been more drastic than the cut in East Asia, where 135,000 U.S. soldiers were based in 1990."

79. Colin L. Powell, "The American Commitment to European Security," Survival, Vol. 34, No. 2 (Summer 1992), p. 9.

80. Ibid., p. 7. Then Chairman of the Joint Chiefs of Staff Powell spelled this out clearly: "The American military contribution to the new NATO strategy will be contained in what we call the 'Atlantic Force conceptual package'. Why do we use the word 'Atlantic' as opposed to 'Europe'? The reason can be found in the kind of forces we have to maintain for our forward presence in Europe -- the same kind of forces we would need to defend our interests in other areas across the Atlantic: in the Middle East and in South-west Asia, as we saw in *Desert Shield* and *Desert Storm*."

But, to what extent do the requirements of these different theaters coincide? The Bush Administration seemed to acknowledge differences -- and suggested the Middle East and Southwest Asia were the priority, even *before* the Gulf War. George Bush, National Security Strategy of the United States, March 1990, (Washington,DC: U.S. Government Printing Office, 1990), p. 24, notes: "Many defense programs contribute significantly in both environments but, where necessary, we will develop the weaponry and force structure needed for the special demands of the Third World even if it

means that some forces are less optimal for a conflict on the European central front."

81. Aspin, Report on the Bottom-Up Review, p.14, acknowledges: "While a number of scenarios were examined, the two that we focused on most closely in the Bottom-Up Review envisioned aggression by a remilitarized Iraq against Kuwait and Saudi Arabia, and by North Korea against the Republic of Korea."

82. Robert Pollard, "America and the European Community: Partners or Rivals," Foreign Service Journal, June 1991, p. 36

83. International Monetary Fund, Direction of Trade Statistics Yearbook 1994. The U.S trade balance with the EU was: 1993 minus \$4.5 billion; 1992 plus \$5.7 billion; 1991 plus \$13.7 billion; 1990 plus \$2.5 billion; 1989 minus \$2.3 billion. In February 1995, the Office of the U.S. Trade Representative reported a slight trade deficit with the EU in 1994. Data from the European Union, however, indicates that the U.S. ran surpluses between \$7 and \$17 billion every year between 1989 and 1993.

84. Michael Kantor, 1995 Trade Policy Agenda and 1994 Annual Report of the President of the United States on the Trade Agreements Program, (Washington, DC: United States Trade Representative, U.S. Government Printing Office, 1995) Tables 2 and 4, pp. 19 and 22.

85. Giovanni Agnelli, "An Industrialist's Answer to Where Europe Is Going," in Brandon, ed., In Search of a New World Order, p. 133.

86. Information provided by Mission of the European Union Delegation to the United States. Data pertain to 1992.

87. James K. Jackson, "American Direct Investment in the European Community," in Glennon J. Harrison, ed., Europe and the United States: Competition and Cooperation in the 1990s, (Armonk, NY: M.E. Sharpe, 1992), p. 289, Appendix A. For the EC and EFTA combined, the figure totalled over \$200 billion.

88. Maeve O'Beirne, Partnership: The European Union and the United States in the 1990s, 1994, pamphlet issued by the European Union and provided by the Mission of the European Union Delegation to the United States.

89. Russell B. Scholl, "The International Investment Position of the United States in 1993," Survey of Current Business, June 1994, p. 68.

90. Peterson, "Europe and America in the Clinton Era," p. 416.

91. Jackson, "American Direct Investment in the European Community," p. 288. He went on to predict that "with the passing of the Cold War, pressure is likely to increase on Congress to adopt some form of national economic security policy" to gain control of the situation.

the institutions of the European Community. Moreover, the interactions between democratic politics and international institutions reinforce each other."

120. John Lewis Gaddis, "Coping with Victory," The Atlantic Monthly, May 1990, p. 51.

121. Mead, "The United States and the New Europe: American Grand Strategy After the Cold War," pp. 40-41.

122. Bergsten, "The Primacy of Economics," p. 10.